

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

1. TRANSMITTAL NUMBER:

07 - 03

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
July 1, 2008

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 440.40, 440.170 and 447.201(b)

7. FEDERAL BUDGET IMPACT:

a. FFY 08 \$ -0-

b. FFY 09 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Supplement to Attachment 3.1-A pages 13a.1 thru 13a.9 and
27c.1; and Attachment 4.19-B pages 6a and 14 through 16

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Supplement to Attachment 3.1-A, page 27c.1 thru 27g and
Attachment 4.19-B, page 6a and 6b.

10. SUBJECT OF AMENDMENT:

EPSDT and other Medical Care services provided by School Districts - coverage and reimbursement

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Paul Reinhart, Director

Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

Paul Reinhart

14. TITLE:

Director, Medical Services Administration

15. DATE SUBMITTED:

March 6, 2007

16. RETURN TO:

Medical Services Administration
Program/Eligibility Policy Division - Federal Liaison Unit
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Nancy Bishop

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME:

22. TITLE:

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Amount, Duration and Scope of Medical and Remedial Care Services Provided to the Categorically and Medically Needy

4.b. Medicaid Services that may be provided by Intermediate School Districts:

1. Occupational Therapy

Definition:

Occupational therapy services are available to Medicaid-eligible beneficiaries when medically necessary and as documented in an Individualized Education Program/Individualized Family Service Plan. To be covered, occupational therapy services must require the skills, knowledge and education of an occupational therapist registered (OTR) or certified occupational therapist assistant (COTA).

Services:

Occupational therapy services must be prescribed by a physician. Medically necessary services are health care, diagnostic services, treatments and other measures to correct or ameliorate any disability and/or chronic condition. Services include but are not limited to:

- A. Evaluations and assessments for the identification of beneficiaries with occupational therapy needs;
 - B. Evaluation for the purpose of determining the nature, extent and degree of the need for occupational therapy services, (or for the assessment of performance levels e.g. strength, dexterity, range of motion, sensation perception, etc.);
 - C. Improving, developing, or restoring functions impaired or lost through illness, injury or deprivation;
 - D. Improving ability to perform tasks for independent functioning when functions are impaired or lost;
 - E. Direct assistance with the selection, acquisition or use of assistive technology device. Training and coordination using therapies, interventions or services with the device.
 - F. Preventing through early intervention, initial or further impairment or loss of function;
 - G. Evaluation of the needs related to assistive technology device services including a functional evaluation of the beneficiary;
 - H. Direct assistance with the selection, acquisition or use of assistive technology device. Training and coordination using therapies, interventions or services with the device;
 - I. Assessment of the beneficiary's skill and performance levels affecting their ability to function or comprehend;
 - J. Manual therapies (e.g. mobilization /manipulation, manual lymphatic drainage, manual traction, one or more regions;
 - K. Wheelchair management/propulsion training.
-

TN NO.: 07-03

Approval Date: _____

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Supersedes

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

Occupational therapy services may be provided in an individual or group setting.

Providers:

Occupational therapy services must be provided by a qualified Medicaid provider who meets the requirements of 42 CFR §440.110(b) and in accordance with applicable state and federal law or regulation. Services may be provided by:

-
- A. ~~An occupational therapist currently registered in Michigan~~
 - B. A certified occupational therapy assistant under the direct supervision of a registered occupational therapist (i.e., the COTA's services must follow the evaluation and treatment plan developed by the OTR and the OTR must supervise and monitor the COTA's performance with continuous assessment of the beneficiary's progress). All documents must be reviewed and signed by the appropriate supervising OTR.

TN NO.: 07-03

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

4.b. Medicaid Services that may be provided by Intermediate School Districts:

2. Physical Therapy

Definition

Physical therapy services are available to Medicaid-eligible beneficiaries when medically necessary and documented in an Individualized Education Program/Individualized Family Service Plan. To be covered, physical therapy services must require the skills, knowledge and education of a Licensed Physical Therapist (LPT) or appropriately supervised Certified Physical Therapy Assistant (CPTA). Medically necessary services are health care, diagnostic services, treatments and other measures to correct or ameliorate any disability and/or chronic conditions.

Services

Physical therapy services must be annually prescribed by a physician. These services include but are not limited to:

- A. Evaluations and assessments for the identification of beneficiaries with physical therapy needs;
- B. Evaluation for the purpose of determining the nature, extent and degree of the need for physical therapy services;
- C. Physical therapy services provided for the purpose of preventing or alleviating movement dysfunction and related functional problems;
- D. Obtaining, interpreting and integrating information appropriate to program planning;
- E. Direct assistance with the selection, acquisition or use of assistive technology device. Training and coordination using therapies, interventions or services with the device.
- F. Training in functional mobility skills (e.g. ambulation, transfers and wheelchair mobility);
- G. Stretching and improved flexibility ;
- H. Instruction of family or caregivers;
- I. Training in the use of orthotic/prosthetic devices.

Physical therapy services may be provided in an individual or group setting.

Providers

Physical therapy services must be provided by a qualified Medicaid provider who meets the requirements of 42 CFR § 440.110(a) and in accordance with applicable state and federal law or regulation. Services may be provided by:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

- A. A qualified physical therapist licensed by the State of Michigan (LPT);
 - B. A Michigan certified physical therapy assistant when the assistant is acting under the supervision or direction of a LPT (i.e., the LPT supervises and monitors the CPTA's performance with continuous assessment of the student's progress). All documentation must be reviewed and signed by the appropriately licensed supervising LPT.
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TN NO.: 07-03

Approval Date: _____

Effective Date: 07/01/2008

Supersedes

TN No.: N/A new page

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

4.b. Medicaid Services that may be provided by Intermediate School Districts

3. Speech, Language and Hearing

Definition

Speech therapy services are available to Medicaid-eligible beneficiaries when medically necessary and documented in an Individualized Education Program/Individualized Family Service Plan. Medically necessary health services are health care, diagnostic services, treatments and other measures to correct or ameliorate any disability and/or chronic condition. To be covered, services must require the skills, knowledge and education of a qualified speech language pathologist (SPL) or audiologist.

Services

Speech and language services require a referral from a physician. Covered services include but are not limited to:

- A. Evaluations and assessments for the identification of beneficiaries with speech, language or hearing disorders;
- B. Diagnosis and appraisal of specific speech or language disorders;
- C. Determination of the range, nature and degree of hearing loss, including the referral for medical or other professional attention for the amelioration of hearing;
- D. Provision of amelioration activities, such as language amelioration, auditory training, speech reading (lip reading), hearing evaluation and speech conversation;
- E. Speech defect corrective therapy;
- F. Needs assessment for group and individual amplification;
- G. Fitting and testing of hearing aids and other communication devices;
- H. Referral for medical or other professional attention necessary for the habilitation of speech or language disorders;
- I. Provision of speech or language services for the habilitation or prevention of communicative disorders;
- J. Direct assistance with the selection acquisition or use of assistive technology device. Training and coordination using therapies, interventions or services with the device;
- K. Esophageal speech training therapy;
- L. Speech reading/aural rehabilitation
- M. Fitting and testing of hearing aids.

Speech and language therapy services may be provided in an individual or group setting.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

Providers

Services must be provided by a Medicaid qualified provider who meets the requirements of 42 CFR §440.110(c) and in accordance with other applicable state or federal law.

Services may be provided by:

-
- A. A qualified speech language pathologist possessing a current certificate of Clinical Competence (CCC);
 - B. An appropriately supervised speech-language pathologist and/or audiology candidate (i.e., in his/her clinical fellowship year or having completed all requirements but has not yet obtained a CCC). All documentation must be reviewed and signed by the appropriately credentialed supervising SLP or audiologist.
 - C. A qualified teacher of students with speech and language impairments with current Michigan Department of Education specialty certificate of endorsement for speech and language impairments when acting under the supervision or direction of a qualified SLP who meets the requirements of 42 CFR §440.110 and in accordance with other applicable state and federal law.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

4.b. Medicaid Services that may be provided by Intermediate School Districts

4. Vision

Definition

Vision, orientation and mobility training services are available to Medicaid-eligible beneficiaries when medically necessary and documented in an Individualized Education Program/Individualized Family Service Plan. Medically necessary health services are health care, diagnostic services, treatments and other measures to correct or ameliorate any disability and/or chronic condition. Services are evaluations and training performed to correct or alleviate movement deficiencies created by a loss or lack of vision.

Services

Covered services include but are not limited to:

- A. Evaluations and assessments for the identification of beneficiaries with loss or lack of vision;
- B. Communication Skill training;
- C. Orientation and mobility training for all environments;
- D. Visual training;
- E. Independent living skills training
- F. Training necessary to activate visual motor skills

Providers

Providers include:

- A. A qualified teacher of special education with current Michigan Department of Education specialty certificate endorsement for delivery of services to the visually impaired;
- B. An Orientation and Mobility Specialist certified by the Academy for Certification of Vision Rehabilitation and Education Professionals.

TN NO.: 07-03

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TN No.: N/A new page

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

4.b. Medicaid Services that may be provided by Intermediate School Districts

5. Psychological, Counseling and Social Work

Definition

Psychological, Counseling and Social Work services are available to Medicaid-eligible beneficiaries when medically necessary and documented in an Individualized Education Program/Individualized Family Service Plan. To be covered, services must require the skills, knowledge and education of a physician, psychiatrist, psychologist, counselor or social worker.

Services

Medically necessary services are health care, diagnostic services, treatments and other measures to correct or ameliorate any disability and/or chronic condition. These services are intended for the benefit of the Medicaid eligible beneficiary and include but are not limited to:

- A. Services provided to assist the beneficiary and/or parents in understanding the nature of the beneficiary's disability;
- B. Services provided to assist the beneficiary and/or parents in understanding the special needs of the beneficiary;
- C. Services provided to assist the beneficiary and/or parents in understanding the beneficiary's development;
- D. Health and behavior interventions to identify the psychological, behavioral, emotional, cognitive and social factors important to the prevention, treatment or management of physical health problems;
- E. Counseling services
- F. Psychotherapy services to include interactive, insight-oriented or supportive psychotherapy;
- G. Administering psychological and developmental tests and other assessment procedures, interpreting testing and assessment results;
- H. Obtaining, integrating and interpreting information about beneficiary behavior and conditions related to learning and functional needs, planning and managing a program of psychological services;
- I. Evaluating a beneficiary for the purpose of determining the needs for specific psychological, health or related services;
- J. Assessing the effectiveness of the delivered services on achieving the goals and objectives of the beneficiary's individual educational program;
- K. Assessing needs for specific counseling services;
- L. Crisis intervention.

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

Psychological, Counseling and Social Work services may be provided in an individual or group setting.

Providers

Services must be provided by qualified providers who meet the requirements of, and in accordance with, 42 CFR §440.50, through §440.60(a) and other applicable state and federal law or regulations. Services may be provided by:

-
- A. A licensed Psychologist;
 - B. A limited licensed Psychologist;
 - C. A licensed Psychiatrist (MD);
 - D. A licensed Physician (MD or DO);
 - E. A licensed Counselor;
 - F. A limited licensed Counselor;
 - G. A licensed Social Worker;
 - H. A limited licensed Social Worker

TN NO.: 07-03

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Effective Date: 07/01/2008

Supersedes

TN No.: N/A new page

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

4.b. Medicaid Services that may be provided by Intermediate School Districts:

6. Nursing

Definition

Nursing services are available to Medicaid-eligible beneficiaries when medically necessary and documented in an Individualized Education Program/Individualized Family Service Plan. Nursing services are professional services relevant to the medical needs of the beneficiary, provided through direct intervention. Direct nursing service interventions are provided: within the scope of the professional practice of the Registered Nurse (RN) or Licensed Practical Nurse (LPN); during a fact-to-face encounter; and, on a one-to-one basis. Services considered observational or stand-by in nature are not covered. Medicaid policy will follow current Michigan Public Health Code scope of practice guidelines for nursing services.

Services

Covered services include, but are not limited to:

- A. Catheterization or catheter care
- B. Care and maintenance of tracheotomies
- C. Prescribed medication administration that is part of the nursing plan of care
- D. Oxygen administration
- E. Tube feeding
- F. Suctioning
- G. Ventilator care
- H. Evaluations and assessments (RNs only)

Providers – Nursing services must be provided by a qualified nurse who meets the requirements of, and in accordance with, 42 CFR §440.60 and other applicable state and federal law or regulation. Services may be provided by:

- A. Licensed registered nurses (RNs);
- B. Licensed practical nurses (LPNs).

TN NO.: 07-03

Approval Date: _____

Effective Date: 07/01/2008

Supersedes

TN No.: N/A new page

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

4.b. Medicaid Services that may be provided by Intermediate School Districts

7. Physician

Definition

Physician services are available to Medicaid-eligible beneficiaries when medically necessary and documented in an Individualized Education Program/Individualized Family Service Plan. Physician services are provided with the intent to diagnose, identify or determine the nature and extent of a student's medical or other health related condition.

Services

Covered services include but are not limited to:

- A. Evaluation and consultation with providers of covered services for diagnostic and prescriptive services including participation in a multi-disciplinary team assessment;
- B. Record review for diagnostic and prescriptive services;
- C. Diagnostic and evaluation services to determine a beneficiary's medically related condition that results in the beneficiary's need for Medicaid services.

Providers

Physician services must be provided by a qualified physician or psychiatrist who meets the requirements of, and in accordance with, 42 CFR §440.50(a) and other applicable state and federal law or regulation. Services may be provided by:

- A. A licensed physician (MD or DO);
- B. A licensed psychiatrist (MD).

TN NO.: 07-03

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Supersedes

TN No.: N/A new page

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

4.b. Medicaid Services that may be provided by Intermediate School Districts

8. Personal Care

Definition

Personal care services are available to Medicaid-eligible beneficiaries when medically necessary and documented in an Individualized Education Program/Individualized Family Service Plan. Personal care services are a range of ~~human assistance services provided to persons with disabilities and chronic~~ conditions. The provision of such services enables them to accomplish tasks that they, if they did not have a disability, would normally do for themselves. Assistance may be in the form of hands on assistance or cueing so that the person performs the task by him/herself.

Services

Covered services include but are not limited to:

- A. Eating/feeding
- B. Toileting
- C. Bathing
- D. Grooming
- E. Dressing
- F. Transferring
- G. Ambulation
- H. Assistance with self-administered medications
- I. Maintaining continence
- J. Personal hygiene
- K. Mobility
- L. Positioning
- M. Assistance with food, nutrition and diet activities

Providers

Personal care services must be provided in accordance with 42 CFR §440.167, by a qualified provider who is 18 years or older and has been trained to provide the personal care services required by the client. Services may be provided by:

- A. Teacher Aides
- B. Health Care Aides
- C. Instructional Aides
- D. Bilingual Aides
- E. Program Assistants
- F. Trainable Aides

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Approval Date: _____

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TN No.: N/A new page

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

4.b. Medicaid Services that may be provided by Intermediate School Districts

9. Specialized Transportation

Definition

Specialized transportation services are available to Medicaid-eligible beneficiaries when medically necessary and documented in an Individualized Education Program/Individualized Family Service Plan.

Services

Services must be provided on the same date that a Medicaid covered service is received. Transportation must be on a specially adapted school bus and provided to transport the beneficiary to and/or from the location where the Medicaid service is received. Transportation services are not covered on a regular school bus.

Providers

Transportation services include direct services personnel (e.g. bus drivers, aides, etc.) employed by or under contract with the school district.

TN NO.: 07-03

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Supersedes

TN No.: N/A new page

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

13d. 7)

This item (7) has been deleted. The next page is 27h (SPA TN 05-06).

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

24. Other Medical Care (continued)

~ Medical Services Provided by Intermediate School Districts

Medical services provided by Intermediate School Districts as described in Supplement to Attachment 3.1-A, pages 13a.1 through 13a.9 and Supplement 1 to Attachment 3.1-A, page 1-E-1 are extended to Medicaid beneficiaries age 21 to 26. Services are provided pursuant to and as mandated by Public Act (PA) 198 of 1971 and updated as the School Aid Act, PA 451 of 1976. These Medicaid beneficiaries qualify under the Individuals with Disabilities Education Act of 1990 as amended in 1997 and 2004 and the Administrative Rules for Special Education.

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
(Other than Inpatient Hospital and Long Term Care Facilities)***

13.e) Intensive/Crisis Residential Services

Reimbursement will be the provider's usual and customary charge to the general public or a maximum allowable cost, on a per diem basis, whichever is less. Preliminary fee screens are adjusted to final once each year. The per diem rate will be an inclusive rate for the covered services provided in the residential setting. Separate rates will be established for persons who attend out of home day programs and those who do not. Medicaid will not pay for room, board and routine supervision for any crisis residential participant.

13.f) Intensive/Crisis Stabilization Services

Reimbursement will be the provider's usual and customary charge to the general public or a maximum allowable cost, whichever is less. Preliminary fee screens are adjusted to final once each year. The reimbursement rate is an inclusive rate for the covered services provided during the crisis stabilization service and is based on a half-hour of intensive/crisis stabilization services.

Note: Page 6b has been deleted. The next page is 6c.

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Payment Rates (Other than Inpatient Hospital and Long Term Care Facilities)

22. Intermediate School Districts Services (ISD)

Reimbursement for services provided in the school setting is based on a provider specific, cost-based and annually reconciled process. Providers are reimbursed on a cost basis. An interim payment is issued based on estimated cost. Cost reconciliation and settlements to actual costs are processed annually.

A. Direct Medical Services Payment Methodology

Determination of Total Medicaid Reimbursable Cost:

-
1. Data capture for the cost of providing health-related services is accomplished utilizing various sources. Medicaid allowable non-federal costs are captured from the following reports:
 - a. SE-4096 – Special Education Actual Cost Report Medical Costs Supplement, (Medicaid allowable non-federal costs);
 - b. Cost data reports received from the ISD financial contacts
 - c. Michigan Department of Education Indirect Cost Rate;
 - d. Random Moment Time Study results for direct medical Individualized Education Program (IEP) services and general administration;
 - i. Direct Medical RMTS %
 - ii. Personal Care Service RMTS %
 - iii. Targeted Case Management %
 2. Allowable costs
 - a. Direct medical care
 - i. Salaries
 - ii. Benefits
 - iii. Medically-related purchased services
 - iv. Medically-related other costs
 - b. Personal care services
 - i. Salaries
 - ii. Benefits
 - c. Targeted Case management services
 - i. Salaries
 - ii. Benefits
 3. Indirect Cost Rate
Apply the Michigan Department of Education (MDE) Cognizant Agency Indirect Cost Rate (an indirect cost rate calculated by Michigan's Department of Education).

TN NO.: 07-03

Approval Date: _____

Effective Date: 07/01/2008

Supersedes

TN No.: N/A new page

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Payment Rates (Other than Inpatient Hospital and Long Term Care Facilities)

4. Random Moment Time Study Discount
Apply the appropriate direct service percentage obtained from the approved RMTS methodology for all covered services
5. General Administration percentage allocation
Apply the Administrative Outreach general administrative cost as allocated to direct services.
6. Medicaid Eligibility Rate (MER) Discount
Apply the discount rate as determined by matching the names and birthdates of students with health related services in their IEPs against the Medicaid eligibility file to determine the number of Medicaid-eligible children. Divide the number of Medicaid-eligible children by the total students with health related IEPs to get the Medicaid Eligibility Rate percentage.

B. Specialized Transportation Services Payment Methodology

Determination of Total Medicaid Reimbursable Cost:

1. Medicaid allowable non-federal costs are captured utilizing the following reports:
 - a. SE-4094 – Special Education costs as reported in the Transportation Expenditure Report.
 - b. Michigan Department of Education Indirect Cost Rate
2. Allowable costs
 - a. Salaries
 - b. Benefits
 - c. Purchased Services – Vehicle Related Costs
 - d. Supplies (gasoline, oil/grease, tires, etc.
 - e. Other expense/Adjustments
 - f. Bus Amortization
3. Indirect Cost Rate (ICR)
Apply the Michigan Department of Education Cognizant Agency Indirect Cost Rate (calculated by the Michigan Department of Education).
4. Apply Medicaid Eligibility Rate (MER)
See Section A, step 6 above.

C. Annual Reconciliation and Cost Settlement Process

Health-related services cost reconciliation and settlement:

TN NO.: 07-03

Approval Date: _____

Effective Date: 07/01/2008

Supersedes

TN No.: N/A new page

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Payment Rates (Other than Inpatient Hospital and Long Term Care Facilities)

Within 90 days after the end of the school fiscal year, an initial settlement is completed based on the filed cost reports. This filed cost report is used to calculate an interim payment for the following year. The initial settlement is calculated within 90 days of the receipt of the filed cost reports and may result in either an initial payment or recovery of funds. Within nine months after the end of the State's fiscal year, the filed cost reports are reviewed and finalized. A final settlement is made within 90 days of the receipt of the finalized cost reports and any over/under adjustments are made at that time.

Specialized transportation cost reconciliation and settlement:

On an annual basis the cost per trip is calculated by dividing the total Medicaid reimbursable cost (Section B, steps 1 through 4) by the number of "allowable" one-way trips paid by the Medicaid Invoice Processing system per ISD. An "allowable" one-way trip is provided to a Medicaid-eligible beneficiary and fulfills all of the following requirements: documentation of ridership is on file, the need for the specialized transportation service is identified in the Individualized Education Program (IEP) or Individualized Family Service Plan (IFSP), and a Medicaid-covered service is provided on the same date of service.

The Medicaid cost settlement amount is obtained by multiplying the total allowable one-way trips billed through the Medicaid Invoice Processing system times the total cost per trip. This total is compared to the interim payments and any over/under settlements are made,

D. Medicaid Eligibility Rate (MER) Calculation:

Direct Care MER:

Utilizing the active student files a query is run to determine the number of special education children with a health related support service code. A health related support service code would be attached to one of the following services: Speech and language; Social Work; Psychological; Occupational Therapy; Physical Therapy; Audiology; and, Orientation and Mobility.

MDCH receives the file of special education children with health related IEPs and matches it against the Medicaid eligibility file to identify the Medicaid-eligible special education children with health-related IEPs.

$$\frac{\text{Medicaid special education children with an IEP with health-related services}}{\text{Total special education children with an IEP with health-related services}}$$

E. Cost Certification:

ISDs are responsible for annually certifying the costs for covered services and transportation.

TN NO.: 07-03

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TN No.: N/A new page